



HOUSING-RELATED BUSINESSES

Business & Industry (B&I) Guaranteed Loan Program

The primary goal of the B&I program is to create and retain jobs in rural areas. This governs the B&I program's ability to assist housing-related projects & businesses.

Ineligible housing-related businesses

The B&I program's ability to guarantee loans for the development of owner-occupied and rental housing is expressly limited. B&I guarantees cannot be issued for:

Owner-occupied housing

Apartment complexes and other types of rental housing projects eligible for assistance from USDA's Rural Rental Housing (RRH) and Rural Cooperative Housing (RCH) Program. To determine whether a specific rental housing project is eligible for assistance under this program, contact USDA Rural Development's Multi-Family Housing Coordinator at (530) 792-5819.

The *pro rata* value of residential real improvements on commercial property

Eligible housing-related businesses

The housing sector of the rural economy can be an important source of permanent jobs.

Examples of eligible housing-related businesses which can be financed under normal B&I program guidelines include:

Building contractors

Nursing and intermediate care facilities

Residential care facilities for children, the elderly, & people with disabilities

Other types of housing-related businesses can also be financed, but with restrictions:

Rental housing not eligible for RRH and RCH assistance. Construction and operation of rental housing are eligible purposes. Debt refinancing and transfers of ownership are typically not eligible since they have no job impact.

Mobile home parks. Construction, operation, & debt refinancing are authorized. Transfers of ownership are typically not eligible since they have no job impact.

Housing site development -- which may include land acquisition, site work, and infrastructure costs -- but **not** housing construction. The B&I program can guarantee site development financing only if the community demonstrates a need for additional housing to prevent a loss of jobs in the area or to house families moving to the area as a result of new employment opportunities.

- a. A B&I guarantee *cannot be for land purchase only*. If land acquisition is part of the loan proposal, the project must also include funds for its development.
- b. Though B&I guarantees can be issued before all planned development is completed, the percent of guarantee will typically be reduced because of the risk associated with such projects. The B&I program would not typically be used to finance the development of more than one subdivision unit at a time.